Corporates
Leveraged Finance
US and Canada
Credit Analysis

Dole Food Company, Inc.

Ratings

Security Class	Current Rating	Recovery Rating
Dole Food Co., Inc.		
Long-Term IDR	B–	NR
Asset-Based Revolver	BB–	RR1
Secured Term Loan B	BB–	RR1
Senior Unsecured Notes	CCC+	RR5
Solvest, Ltd.		
Long-Term IDR	B–	NR
Secured Term Loan C	BB–	RR1
Dole Holding Co., LLC		
Long-Term IDR	B–	NR

Outlook

Negative

Financial Data

Dole Food Company, Inc.

($ Mil.)	LTM 10/06/07	12/30/06
Total Revenue	6,725	6,171
Gross Margin [a] (%)	9.0	8.7
Operating Margin [a] (%)	2.2	2.2
Net Margin [a] (%)	(0.5)	(1.4)
Total Assets	4,654	4,608
Total Debt	2,387	2,364
Total Cash and Equivalents	83.6	92.4

[a]Year-to-date through Oct. 6, 2007.

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Related Research

- *Press Release, "Commodity Food: Higher Operating Costs Threaten US Profits in 2008," dated Dec. 6, 2007.*

Fitch's ratings on Dole were initiated as a service to the users of its ratings. Dole's ratings are based on public information.

Rating Rationale

- Dole Food Company, Inc.'s (Dole) ratings reflect the company's high leverage and Fitch's view that while significant credit risk is present, the company is able to meet near-term financial commitments. Nonetheless, two consecutive years of declining operating performance have limited the company's ongoing financial flexibility.
- The ratings consider Dole's leading worldwide market position; its strong global brand; favorable consumption trends for fruits and vegetables; and the considerable net worth of its owner, David H. Murdock. These positives are weighed against the lower-margin commodity orientation of its products and the substantial regulatory risks associated with its foreign operations.
- Dole's Negative Rating Outlook is due to the company's continued challenging operating environment. Transportation and packaging costs, which represent an estimated 40% of Dole's cost structure, remain elevated. Additionally, on Jan. 1, 2006, European Union (EU) tariffs on bananas imported from Latin America increased to EUR176/metric ton from EUR75/metric ton. While evidence of a potential reduction in EU banana tariffs is beginning to surface, no final resolution has been reached between the EU and Latin American banana-producing countries.

What Could Trigger a Downgrade?

- Additional deterioration in the company's credit profile due to continued pressure on operating margins and reduced cash flow from operations could trigger further downgrades. Since current bank covenants limit the company's ability to incur additional indebtedness, higher debt balances are not anticipated but could also trigger a downgrade.
- Dole is required to maintain a fixed-charge coverage ratio of at least 1.0 times (x) on a quarterly basis if asset-based loan availability is less than $35 million or 10% of loan commitment. Violation of this fixed-charge coverage bank covenant could lead to a downgrade.

Recent Events

Operating Performance — Nine-Month Period Ended Oct. 6, 2007

Year-to-date consolidated revenue increased 12.6% to $5.3 billion, due primarily to strong growth in fresh fruit and packaged foods. Favorable foreign currency exchange movements positively affected consolidated revenue by $105 million or approximately 2.2%. Segment sales growth was as follows: Fresh Fruit up 20.5% to $3.7 billion; Packaged Foods up 9.5% to $0.8 million; Fresh Vegetables down 4.9% to $0.8 million; and Fresh-Cut Flowers down 35.3% to $0.1 million.

The Fresh Fruit segment benefited from higher worldwide banana sales, higher sales of deciduous fruit, and strong performance in its European ripening and distribution operations. Banana volumes increased in North America and Asia while pricing was higher worldwide. Packaged Foods experienced higher pricing and volumes in North America, while Fresh Vegetables' sales declined due to lower volumes in North America and Asia. Fresh-Cut Flowers' sales volume declined due to changes in its customer base and product offerings attributable to the implementation of the 2006 restructuring plan.

Year-to-date consolidated operating segment income increased 45.8% to $168 million, resulting in a 3.1% margin versus 2.4% during the previous year's period. Most of the gain was earned in the third quarter due to improved profitability in Fresh Fruit and the absence of $28.2 million of Fresh-Cut Flowers' restructuring expenses. EBIT margins in the Fresh Fruit segment increased 100 basis points to 4.0% as the company realized better results in its worldwide banana operations.

Cash flow from operations was $36.8 million versus $14 million during the previous year's period due mostly to higher accounts payable. This cash flow, combined with $35.9 million in mostly land-related asset sales, helped fund $76.3 million of capital expenditures. Dole's bank covenants, for which the company is compliant, limit its ability to pay dividends; therefore, while Dole paid $9.7 million in dividends to minority shareholders, the company did not declare or pay any dividends to its parents during the period. As of Oct. 6, 2007, Dole has $53.1 million in assets held-for-sale. Nearly 75% of these assets are in the company's Fresh-Cut Flowers segment.

EU Banana Tariff Developments

On Dec. 10, 2007, a World Trade Organization (WTO) dispute settlement body (DSB) compliance panel ruled that after implementing the EUR176/metric ton tariff-only regime on Jan. 1, 2006, the EU has failed to bring its import tariffs for bananas in line with international trade rules. According to The Associated Press, the confidential decision was distributed to the involved parties and confirmed by Ecuadorean and European officials. Fitch views these developments positively and anticipates that a material reduction in import tariffs could improve Dole's overall credit profile.

In connection with the recent DSB hearings, the European Commission continues to negotiate with Latin American countries to resolve the tariff dispute. In July, the commission offered to progressively cut EU import duties to about EUR120/ton over three to five years, but the current rate could be increased before this reduction begins. Non-ACP (African, Caribbean and Pacific) banana-producing countries, which are not given preferential treatment, insist that this proposal is not enough, arguing that any tariff above the pre-2006 EUR75/metric ton level is too punitive.

Liquidity and Debt Structure

Dole's capital expenditures and dividend payments are currently not satisfied by internally generated cash flow. The company expects available borrowing capacity under its existing revolver, cash balances, planned asset sales and access to capital markets to help it meet working capital, capital expenditures and debt maturities during the next 12 months. Fitch also views parental capital contributions as a potential source of funding.

The company has a five-year $350 million asset-based revolver that expires April 12, 2011. At Oct. 6, 2007, $122.7 million was available for borrowing. As of this same date, the company had $83.6 million in cash.

For the latest-12-month (LTM) period ended Oct. 6, 2007, total debt-to-operating EBITDA was 8.2x versus the company's pre-2006 average of about 5.0x. Dole has $2.4 billion of debt, of which approximately 50% consists of unsecured notes and 50% is secured bank debt. Collateral on the company's secured debt includes substantially all assets. Dole's asset-based revolver has a perfected interest in the company's North America receivables and inventory. Upcoming maturities include $350 million in 8.625% unsecured notes that are due May 1, 2009.

Dole's secured term loans are priced at LIBOR plus 200 basis points if senior leverage is greater than 3.25x or LIBOR plus 175 basis points otherwise. The company's asset-based revolver is priced at LIBOR plus 150 basis points on average usage.

Recovery Analysis — Dole Food Company, Inc.

(As of Oct. 6, 2007)

Valuation # 1: Enterprise Value

EBITDA	
LTM 2007 Revenue (millions)	6,724.6
LTM 2007 EBITDA	292.7
Normalized EBITDA	437.1[a]
Discount (%)	38.5
Stressed EBITDA	269.0
Times (X) Multiple	7.0
=Enterprise Value	1,883.0

Discount Guidance:

Covenant: Min Fixed Charge Coverage (x)	1.0
Gross Interest Expense	194.0
After-Tax Maintenance Capital Expenditures	75.0
Total Fixed Charges ($)	**269.0**
Implied Stress Discount from Normalized EBITDA (%)	(38.5)

Valuation # 2: Liquidation Value

Liquidation Value	10/6/07	Advance Rates (%)	Available to Creditors
Cash	83.6	—	—
Accounts Receivable	842.8	80	674.2
Inventory	717.8	50	358.9
Net Property Plant and Equipment	1,360.6	50	680.3
	3,004.8		**1,613.4[b]**

Distribution of Value by Priority

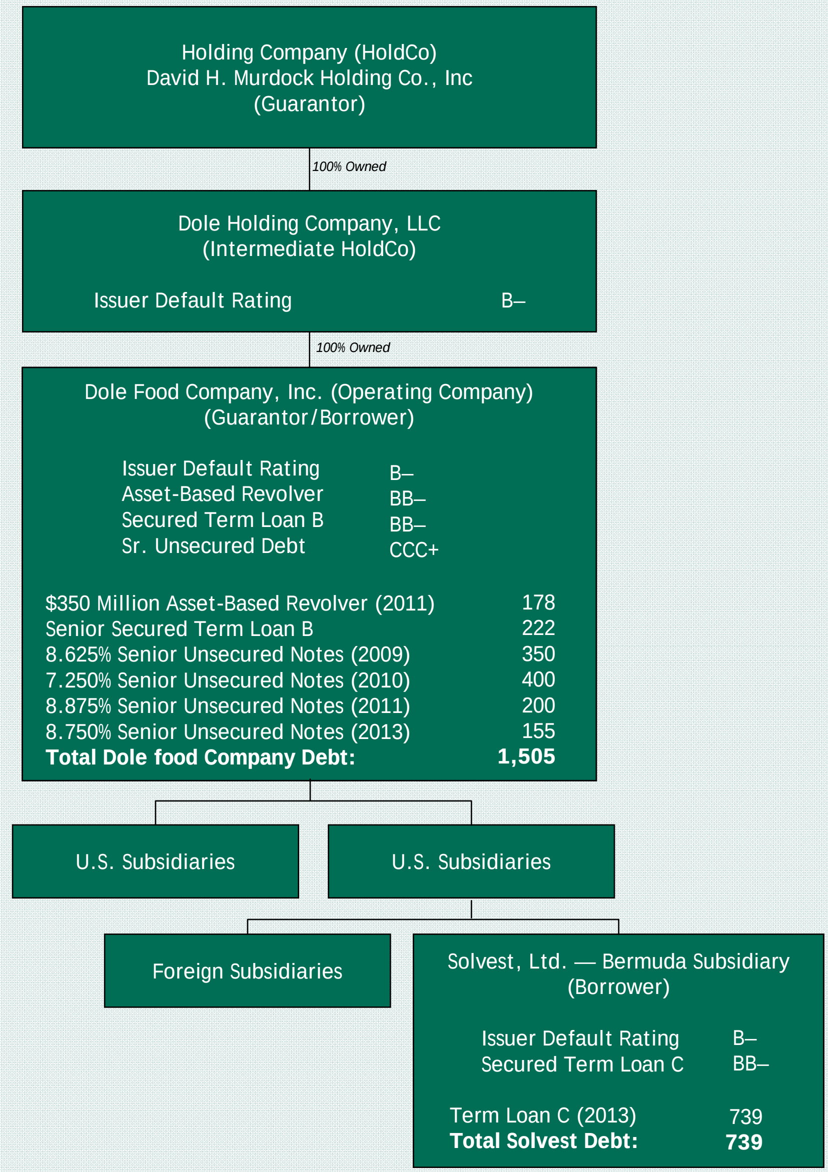
Greater of Enterprise Value or Liquidation Value	1,883.0
Lees Administrative Payments (10%)	188.3
Less Collaborative Payments (5%)	94.2
Adjusted Enterprise Value	1,600.6

Priority

	Claim	Value Recovered	Residual Value	% Recovery	R Rating	Notching	Current IDR	Current Rating
Trade Accounts Payable>Revolver	151	151	1,450	100	RR1	+3	NR	NR
Asset-Backed Sec Revolver ($350 million)	350	350	1,100	100	RR1	+3	B–	BB–
Sec Term Loan B (2013)/Dole Food Co.	222	222	878	100	RR1	+3	B–	BB–
Sec Term Loan C (2013)/Solvest, Ltd	739	739	233[c]	100	RR1	+3	B–	BB–
8.625% Senior Notes Due 2009	350	68	165	20	RR5	-1	B–	CCC+
7.250% Senior Notes Due 2010	400	78	87	20	RR5	-1	B–	CCC+
8.875% Senior Notes Due 2011	200	39	48	20	RR5	-1	B–	CCC+
8.750% Senior Notes Due 2013	155	30	17	20	RR5	-1	B–	CCC+
Capital Lease Obligations	88	17	0	20	RR5	-1	B–	CCC+
Total Claims by Priority	**2,655**	**1,695**						

[a]Uses five year (2003- LTM 2007) average EBITDA margin of 6.5% on LTM sales for Normalized Stress Case. [b]Less $100 mil cash collateral from Pre-Funded LOC. [c]Includes $94.2 million concession payment.
Source: Company filings and Fitch Ratings.

Corporate and Debt Structure — Dole Food Company, Inc.



Source: Company reports.

Capital Structure

($ Mil., At Third Quarter Ended Oct. 6, 2007)

	Amount	%
$350 Mil. ABL Revolver April 12, 2011	177.8	7
Sec Term B loan due April 12, 2013	221.6	9
Sec Term C loan due April 12, 2013	738.8	31
Secured Debt	**1,138.20**	**42**
8.625% Sr. Unsec. Notes due May 1, 2009	350.0	15
7.25% Sr. Unsec. Notes due June 15, 2010	400.0	17
8.875% Sr. Unsec. Notes due March 15, 2011	200.0	8
8.75% Sr. Unsec. Notes due July 15, 2013	155.0	6
Unsecured Debt	**1,105.0**	**40**
Contracts and Notes due Through 2014	3.5	0
Capital Lease Obligations	88.8	3
Notes Payable	52.0	2
Unamortized Debt Discount	(0.7)	0
Total Debt	**2,386.8**	**87**
Common Equity	363.2	13
Total Capitalization	**2,750.0**	**100**

ABL – Asset-backed loan.
Source: SEC filings.

Liquidity

($ Mil., At Third Quarter Ended Oct. 6, 2007)

Cash and Equivalents (Unrestricted)	83.6
Revolver Availability	122.7
Total	**206.3**

Source: SEC filings.

Scheduled Debt Maturities

($ Mil., As of Dec. 30, 2006)

2007	49.0
2008	14.0
2009	364.0
2010	414.0
2011	213.0

Source: SEC filings.

Significant Secured Bank Facility Covenants

I. **Limitation of Indebtedness**; In order to incur incremental debt, total leverage must not exceed 5.5x and senior secured leverage must not exceed 3.0x.

II. **Limitation of Indebtedness**; Asset based loan credit agreement limited to the greater of $400 million and the sum of 80% of North American accounts receivable and 60% of North American inventory.

III. **Minimum Fixed-Charge Coverage**; If ABL availability is less than $35 million or 10% of loan commitment, fixed-charge coverage must be at least 1.0x for every quarter per terms of ABL agreement.

Significant Unsecured Senior Note Covenants

I. **Limitation on Incurrence of Additional Indebtedness**; Provided that no default shall have occurred at the time of or as a consequence of the incurrence of indebtedness, the company or any of its restricted subsidiaries may incur indebtedness, including acquired indebtedness, if after giving effect to that indebtedness the consolidated fixed charge coverage ratio of the company is greater than 2.0 to 1.0.

II. **Limitation on Restricted Payments**; Includes dividends or other distributions that could cause a default. Formula based on cumulative consolidated net income of the company earnings since the 2003 issuance plus 100% of the aggregate net cash proceeds and the fair market value of any asset as a contribution of capital, or from the issuance of capital stock, or any equity contribution received from holders of capital stock, or with respect to investments or asset sales, or upon the redesignation of an unrestricted subsidiary to a restricted subsidiary.

III. **Cross-Default and Cross Acceleration Provisions**; A breach of a covenant or other provision for any debt instrument could result in a default under that instrument and under the company's other debt instruments.

Financial Summary — Dole Food Company Inc.

($ Mil.)

	12 Months 12/31/04	3 Months 12/31/05	12 Months 12/31/05	3 Months 3/31/06	3 Months 6/17/06	3 Months 10/7/06	3 Months 12/30/06	12 Months 12/30/06	3 Months 3/24/07	3 Months 6/16/07	3 Months 10/6/07	LTM Ended 10/6/07
Profitability												
Operating EBITDA	463.90	14.50	375.00	61.30	109.90	54.10	58.10	283.40	66.80	105.80	62.00	292.70
Operating EBITDA Margin (%)	8.70	1.20	6.40	4.40	6.90	3.00	4.20	4.60	4.30	6.00	3.10	4.40
FFO Return on Adj. Capital (%)	16.90	12.10	12.10	10.40	10.50	10.90	11.30	11.30	11.40	10.80	10.80	10.80
Free Cash Flow Margin (%)	1.70	(6.40)	(2.10)	(9.80)	(7.30)	0.90	(2.80)	(4.50)	(4.40)	2.30	(1.10)	(1.30)
Coverages (x)												
FFO Interest Coverage	3.10	0.80	2.20	1.70	3.10	1.30	0.90	1.70	1.60	2.20	1.10	1.40
Operating EBITDA/ Gross Interest Expense	3.00	0.40	2.60	1.80	2.70	1.00	1.30	1.60	1.50	2.40	1.00	1.50
FFO Fixed Charge Coverage	2.20	0.90	1.60	1.30	2.10	1.20	0.90	1.40	1.30	1.60	1.10	1.20
FCF Debt-Service Coverage (LTM)	1.30	—	0.10	(0.30)	(1.30)	(0.90)	(0.40)	(0.40)	(0.10)	0.60	0.40	0.40
Cash Flow from Operations/ Capital Expenditures	2.10	(0.50)	0.70	(4.50)	3.20	1.40	—	0.10	(2.30)	2.60	0.40	0.30
Leverage (x) (LTM)												
Long-term Secured Debt/Operating EBITDA	0.90	2.20	2.20	3.00	4.00	4.50	3.80	3.80	4.00	4.00	3.90	3.90
Long-term Secured Debt/FFO	1.30	4.80	4.80	6.30	7.90	9.40	9.20	9.20	9.40	12.20	13.70	13.70
Total Debt with Equity Credit/Operating EBITDA	4.00	5.40	5.40	7.10	8.70	9.50	8.30	8.30	8.40	8.40	8.20	8.20
FFO Adj. Leverage	4.70	6.80	6.80	8.10	8.30	8.20	8.00	8.10	7.90	8.30	8.40	8.40
Total Adj. Debt/ Operating EBITDAR	4.70	6.10	6.10	7.70	8.70	9.00	8.20	8.20	8.20	8.20	8.10	8.10
FCF/Total Adj. Debt (%)	3.40	(4.50)	(3.90)	(6.40)	(11.70)	(9.10)	(7.70)	(7.70)	(5.60)	(1.40)	(2.40)	(2.40)
Balance Sheet												
Short-Term Debt	31.90	27.80	27.80	76.90	49.40	13.80	48.60	48.60	85.60	62.70	66.60	66.60
Long-Term Senior Secured Debt	406.40	841.10	841.10	890.90	1,032.20	1,081.30	1,086.70	1,086.70	1,149.50	1,139.50	1,138.20	1,138.20
Long-Term Senior Unsecured Debt	1,430.00	1,158.30	1,158.30	1,165.20	1,173.60	1,178.40	1,228.90	1,228.90	1,179.60	1,178.40	1,182.00	1,182.00
Long-Term Subordinated Debt	—	—	—	—	—	—	—	—	—	—	—	0.00
Other Debt	—	—	—	—	—	—	—	—	—	—	—	0.00
Equity Credit	—	—	—	—	—	—	—	—	—	—	—	0.00
Total Debt with Equity Credit	**1,868.30**	**2,027.20**	**2,027.20**	**2,133.00**	**2,255.20**	**2,273.50**	**2,364.20**	**2,364.20**	**2,414.70**	**2,380.60**	**2,386.80**	**2,386.80**
Off-Balance-Sheet Debt	811.20	1,040.00	1,040.00	1,225.60	1,225.60	1,225.60	1,219.20	1,224.00	1,225.60	1,225.60	1,225.60	1,225.60
Total Adj. Debt with Equity Credit	**2,679.50**	**3,067.20**	**3,067.20**	**3,358.60**	**3,480.80**	**3,499.10**	**3,583.40**	**3,588.20**	**3,640.30**	**3,606.20**	**3,612.40**	**3,612.40**
Cash Flow												
Funds from Operations	317.20	(7.70)	176.80	23.60	82.50	16.50	(4.60)	118.00	28.20	53.30	6.40	83.30
Change in Working Capital	(99.80)	(19.00)	(85.90)	(132.70)	(16.60)	40.70	6.40	(102.20)	(70.10)	14.20	5.10	(44.40)
Cash Flow from Operations	**217.40**	**(26.70)**	**90.90**	**(109.10)**	**65.90**	**57.20**	**1.80**	**15.80**	**(41.90)**	**67.50**	**11.50**	**38.90**
Total Non-Operating/Non-Recurring Cash Flow	—	—	—	—	—	—	—	—	—	—	—	0.00
Capital Expenditures	(101.70)	(50.20)	(131.50)	(24.20)	(20.50)	(40.30)	(40.10)	(125.10)	(17.90)	(26.10)	(32.30)	(116.40)
Common Dividends	(25.60)	(3.40)	(80.10)	(4.10)	(160.90)	(0.40)	(0.10)	(165.50)	(8.30)	(0.60)	(0.80)	(9.80)
Free Cash Flow	**90.10**	**(80.30)**	**(120.70)**	**(137.40)**	**(115.50)**	**16.50**	**(38.40)**	**(274.80)**	**(68.10)**	**40.80**	**(21.60)**	**(87.30)**
Net Acquisitions and Divestitures	(178.30)	9.60	(32.40)	1.30	1.00	7.10	(1.00)	8.40	30.80	1.90	3.20	34.90
Net Debt Proceeds	33.20	67.90	150.10	111.80	104.60	21.00	101.90	339.30	43.70	(41.80)	0.50	104.30
Net Equity Proceeds	—	—	—	—	—	—	—	—	—	—	—	0.00
Other (Investing and Financing)	100.70	(12.80)	(9.00)	29.50	7.20	(39.40)	(26.80)	(29.50)	(2.00)	3.10	0.90	(24.80)
Total Change in Cash	**45.70**	**(15.60)**	**(12.00)**	**5.20**	**(2.70)**	**5.20**	**35.70**	**43.40**	**4.40**	**4.00**	**(17.00)**	**27.10**
Ending Cash and Securities Balance	79.20	48.80	48.80	53.90	51.30	56.40	92.40	92.40	96.60	100.60	83.60	83.60
Income Statement												
Revenue	5,316.20	1,257.10	5,870.60	1,400.00	1,589.00	1,797.60	1,384.90	6,171.50	1,556.10	1,766.70	2,016.90	6,724.60
Revenue Growth (%)	11.40	2.70	10.40	(2.90)	4.10	9.30	10.20	5.10	11.20	11.20	12.20	11.30
Operating EBIT	318.90	(21.60)	225.20	28.30	76.20	7.40	22.20	134.10	30.60	70.60	14.10	137.50
Gross Interest Expense	152.70	33.20	142.70	34.40	40.00	56.70	43.60	174.70	44.20	44.70	61.50	194.00

Source: SEC filings and Fitch Ratings.